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# Argentina

# LOCK-UP REPORT

# GRAIN AND FEED


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**Report Highlights:**

Post lowers its MY2009/10 wheat production forecast to 9 million metric tons (MT) despite recently improved soil moisture conditions throughout the main production area. Wheat exports in MY2009/10 are expected to reach 4 million MT while domestic consumption will increase slightly from previous season numbers. Corn production is forecast at 15 million MT. Corn exports are expected reach 9 million MT while domestic consumption is forecast at 5.9 million MT. The government announced after a meeting with farm leaders on July 31 that it will be approving export licenses for wheat and corn more rapidly, but did not specify when the change would be implemented.


**Post:**
Buenos Aires

**Commodities:**
Wheat

Corn

## Section I. Production and Outlook

### Wheat

Post lowers its previous wheat production forecast for MY2009/10 to 9 million metric tons (MT) on a planted area of 3.3 million hectares (ha). Post estimate continues to be above many private estimates. Despite gloomy predictions of many private analysts in country, Post estimates that the planted area in the south of Buenos Aires province will not decline as much as widely believed due to recently improved soil conditions. This will compensate for lower planted area in northern areas that were more affected by the drought. Northern Buenos Aires, Cordoba, and Santa Fe wheat areas will suffer a remarkable reduction as a consequence of the lack of soil moisture at planting. Southern Buenos Aires, however, not only enjoyed some rains during the first part of 2009, but also farmers there have the advantage of a longer planting window which, will allow them plant until the end of August. In this area, farmers have extremely limited options other than wheat for a source of income, particularly after the failure of the MY2008/09 harvest. Although barley is a good option, the demand is restricted to a few breweries. Rapeseed (i.e. canola) could be another option, but farmers are still adjusting the technology to achieve profitable yields. Post estimates wheat planted area in Southern Buenos Aires to reach 2.05 million hectares. Average national yield is expected to be at 2.73 MT / ha due to good soil fertility carried over from the last year. Reportedly, farmers will take advantage of the good soil moisture and apply nitrogen at late stages of the cycle. This will also help increase the quality of the MY2009/10 harvest.

Post is increasing wheat production numbers for MY2007/08 to 18 million MT. These changes will be reflected in larger ending stocks for MY2007/08 which will be transferred to the MY2008/09 initial stocks giving a total supply of 11.69 million MT for that year.

Government policies will play a major role in MY2009/10 wheat exports. The elimination of the export taxes for wheat and corn (currently at 23 and 20 percent respectively) and the elimination of the export licenses are the two measures sought by the Argentine farmers. On Friday July 31, the farmers' association met with the government hoping that either of the two measures would be discussed. In the meeting the government committed to grant export licenses if farmers, exporters and the government can reach an agreement in order to guarantee a continuous supply of grains to the domestic market. Another announcement was that in all cases licenses will be granted no later than five days from the day they are requested. The announcement did not specify when the changes would be implemented.

MY2009/10 wheat exports are forecast at 4 million tons while imports will continue to be insignificant despite some rumors in the industry that Argentina will need to import wheat at international prices. Wheat exports for MY2008/09 are expected to reach 5.5 million MT. Domestic consumption is forecast at 5.18 million MT for MY2009/10 and 5.08 million MT for MY2008/09.

## Corn

Post increases its MY2009/10 corn production forecast to 15 million MT on a harvested area of 2 million hectares.  Post expects yields to increase to 7.5 MT per hectare as a result of improved soil moisture conditions in the main corn planting area.

Post adjusted corn production for MY2008/09 to reflect USDA estimates at 13 million MT on a harvested area of 2.25 million hectares.  MY 2009/10 corn exports are forecasts at 9 million MT while MY2008/09 exports are estimated at 7 million MT.  Domestic consumption of corn is expected at 5.9 million MT for MY2009/10 and for MY2008/09 it is estimated at 6.7 million MT.

## Section II. Statistical Tables

| Wheat Argentina | 2007 | | | 2008 | | | 2009 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2007/2008 | | | 2008/2009 | | | 2009/2010 | | |
| | Market Year Begin: Dec 2007 | | | Market Year Begin: Dec 2008 | | | Market Year Begin: Dec 2009 | | |
| | USDA Official Data | Old Post | New Post | USDA Official Data | Old Post | New Post | USDA Official Data | Old Post | July |
| **Area Harvested** | 6,000 | 5,756 | 6,000 | 4,237 | 4,200 | 4,237 | 3,500 | 4,000 | 3,300 |
| **Beginning Stocks** | 1,067 | 1,105 | 1,067 | 2,744 | 1,602 | 2,744 | 589 | 447 | 589 |
| **Production** | 18,000 | 16,800 | 18,000 | 8,400 | 8,400 | 8,400 | 9,500 | 11,000 | 9,000 |
| **MY Imports** | 4 | 4 | 4 | 25 | 25 | 25 | 5 | 33 | 5 |
| **TY Imports** | 4 | 4 | 4 | 25 | 25 | 25 | 5 | 33 | 5 |
| **TY Imp. from U.S.** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** | 19,071 | 17,909 | 19,071 | 11,169 | 10,027 | 11,169 | 10,094 | 11,480 | 9,594 |
| **MY Exports** | 11,197 | 11,177 | 11,197 | 5,500 | 4,500 | 5,500 | 4,000 | 6,000 | 4,000 |
| **TY Exports** | 10,237 | 10,224 | 10,237 | 8,400 | 7,500 | 8,400 | 2,500 | 6,000 | 2,500 |
| **Feed Consumption** | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 |
| **FSI Consumption** | 5,050 | 5,050 | 5,050 | 5,000 | 5,000 | 5,000 | 5,100 | 5,100 | 5,100 |
| **Total Consumption** | 5,130 | 5,130 | 5,130 | 5,080 | 5,080 | 5,080 | 5,180 | 5,180 | 5,180 |
| **Ending Stocks** | 2,744 | 1,602 | 2,744 | 589 | 447 | 589 | 914 | 300 | 414 |
| **Total Distribution** | 19,071 | 17,909 | 19,071 | 11,169 | 10,027 | 11,169 | 10,094 | 11,480 | 9,594 |

| Corn Argentina | 2007 | | | 2008 | | | 2009 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2007/2008 | | | 2008/2009 | | | 2009/2010 | | |
| | Market Year Begin: Mar 2008 | | | Market Year Begin: Mar 2009 | | | Market Year Begin: Mar 2010 | | |
| | USDA Official | Old Post | New Post | USDA Official | Old Post | New Post | USDA Official | Old Post | July |
| **Area Harvested** | 3,413 | 3,413 | 3,413 | 2,250 | 2,150 | 2,250 | 2,000 | 2,000 | 2,000 |
| **Beginning Stocks** | 1,660 | 1,657 | 1,660 | 1,985 | 1,707 | 1,985 | 1,410 | 707 | 1,410 |
| **Production** | 22,000 | 22,000 | 22,000 | 13,000 | 12,900 | 13,000 | 15,000 | 14,000 | 15,000 |
| **MY Imports** | 123 | 50 | 123 | 125 | 0 | 125 | 25 | 0 | 25 |
| **TY Imports** | 51 | 51 | 51 | 100 | 0 | 100 | 25 | 0 | 25 |
| **TY Imp. from U.S.** | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** | 23,783 | 23,707 | 23,783 | 15,110 | 14,607 | 15,110 | 16,435 | 14,707 | 16,435 |
| **MY Exports** | 14,798 | 15,000 | 14,798 | 7,000 | 7,000 | 7,000 | 9,000 | 7,700 | 9,000 |
| **TY Exports** | 15,676 | 15,644 | 15,676 | 7,000 | 7,000 | 7,000 | 8,000 | 8,000 | 8,000 |
| **Feed Consumption** | 5,100 | 5,100 | 5,100 | 4,800 | 5,000 | 4,800 | 4,000 | 4,500 | 4,000 |
| **FSI Consumption** | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 |
| **Total Consumption** | 7,000 | 7,000 | 7,000 | 6,700 | 6,900 | 6,700 | 5,900 | 6,400 | 5,900 |
| **Ending Stocks** | 1,985 | 1,707 | 1,985 | 1,410 | 707 | 1,410 | 1,535 | 607 | 1,535 |
| **Total Distribution** | 23,783 | 23,707 | 23,783 | 15,110 | 14,607 | 15,110 | 16,435 | 14,707 | 16,435 |